

# **Suggested Community Responses to SB 342**

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Cliff Sinnott, Executive Director  
Rockingham Planning Commission  
Exeter, NH



# SB 342 Basic Requirements (674:59)

1. Provide **reasonable and realistic** opportunities for the development of workforce housing.
2. Provide reasonable and realistic opportunities for **multi-family (5+ dwelling units)**, including **rental** multifamily units.
3. **Lots sizes and density** requirements for WFH "shall be reasonable"
4. Allow **WFH on >50%** of residentially zoned land area.

# Recommended Steps – Part 1

1. Determine if 674:59 is **applicable**: is town meeting regional 'fair share'?
2. '**Audit**' existing master plan, zoning and regulations: for the following:
  - ID provisions that unnecessarily add to housing cost;
  - Evaluate compliance with SB 342 (>50% provision, multifamily housing standard (5+ units), etc.
3. **Develop Strategy & Prepare amendments** to master plan zoning & regulations to address audit findings

# Recommended Steps – Part 2

4. Educate voters on the need for proposed zoning changes
5. Implement Amendments as needed:
  - § Master Plan
  - § Zoning
  - § Site Plan and Subdivision Regulations
  - § Develop procedures for Workforce Housing applications

# Regional Fair Share “Exemption”

- 674:59 III: IF community meets its regional fair share of work force housing need, both current and foreseen, THEN it “shall be deemed to be in compliance with this subdivision...”
- BUT, there is no specific requirement in SB342 that communities meet any fair share test.
- Communities don’t need to quantify their fair share unless they seek to establish that they are “deemed to be in compliance...”
- “Fair Share” isn’t the point of SB342; it’s all about making sure **opportunities** exist for WFH



# Estimating Regional Fair Share

- No source or method specified in the law.
- RSA 36:47 II. Requires all RPCs to develop **regional** housing needs assessments for all income and age groups. Updated at least every 5 years.
- Housing Needs Assessments not required to include fair share analysis; some have in the past; most don't now.
- New methodology developed by NHFFA, OEP and RPCs in 2003 (Bruce Mayberry) based on relationship between employment and housing

# Estimating Regional Fair Share

- New RPC assessments will likely be adjusted to reflect the owner & renter income standards in SB342
- Example Regional need (including all existing housing):
  - TOTAL WFH Need: about 35,053 or 46% of all units
  - OWNER UNITS: Affdb. Under 100% MAFI: 25,944 units
  - RENTER UNITS: Affdb. Under 60% MAFI: 9,109 units
- One simple measure of a town's level "fair share" is it's proportionate share of all housing in its region.
- Data sources: town assessor databases (equalized) to determine the number of units under the workforce housing income limit; NHFFA regional rent surveys.

# Housing Needs Assessment

**Table 5: Total Housing Demand by Income Band Rockingham Planning Commission**

Homeowners	2006 (existing)	2015 Projected Demand	2006 (existing)	2015 Projected Demand
Under 30% MAI	4,259	4,792	7.4%	7.4%
Under 50% MAI	9,381	10,554	16.3%	16.3%
Under 60% MAI	12,291	13,828	21.4%	21.4%
Under 80% MAI	18,870	21,231	32.8%	32.8%
Under 100% MAI	<b>25,944</b>	<b>29,189</b>	45.1%	45.1%
Under 120% MAI	33,077	37,215	57.5%	57.5%
All Homeowners	57,477	64,667	100.0%	100.0%
Renters				
Under 30% MAI	4,059	4,567	21.7%	21.7%
Under 50% MAI	7,462	8,395	40.0%	40.0%
Under 60% MAI	<b>9,109</b>	<b>10,249</b>	48.8%	48.8%
Under 80% MAI	12,106	13,621	64.9%	64.9%
Under 100% MAI	14,183	15,958	76.0%	76.0%
Under 120% MAI	16,050	18,058	86.0%	86.0%
All Renters	18,664	20,999	100.0%	100.0%
Total Households				
Under 30% MAI	8,318	9,359	10.9%	10.9%
Under 50% MAI	16,842	18,949	22.1%	22.1%
Under 60% MAI	21,400	24,077	28.1%	28.1%
Under 80% MAI	30,977	34,852	40.7%	40.7%
Under 100% MAI	40,127	45,147	52.7%	52.7%
Under 120% MAI	49,128	55,274	64.5%	64.5%
All Households	76,141	85,666	100.0%	100.0%

MAI = Median area family income

## Income Limit Calculation

### HOME OWNERSHIP

100% MAI, 4 pers. Hsld		Est. Max Purchase	
		10% down	20% down
Bos-Q-C	\$85,833	\$265,540	\$287,985
Lawr MA-NH	\$80,667	\$249,624	\$271,701
Ports-Roch	\$77,333	\$239,236	\$259,069

### HOME RENTAL

60% MAI, 3 pers. Hshld		Estimated Max Rent/mo.
Bos-Q-C	\$46,400	\$1,160
Lawr MA-NH	\$43,600	\$1,090
Ports-Roch	\$41,800	\$1,045

## 2006 Need

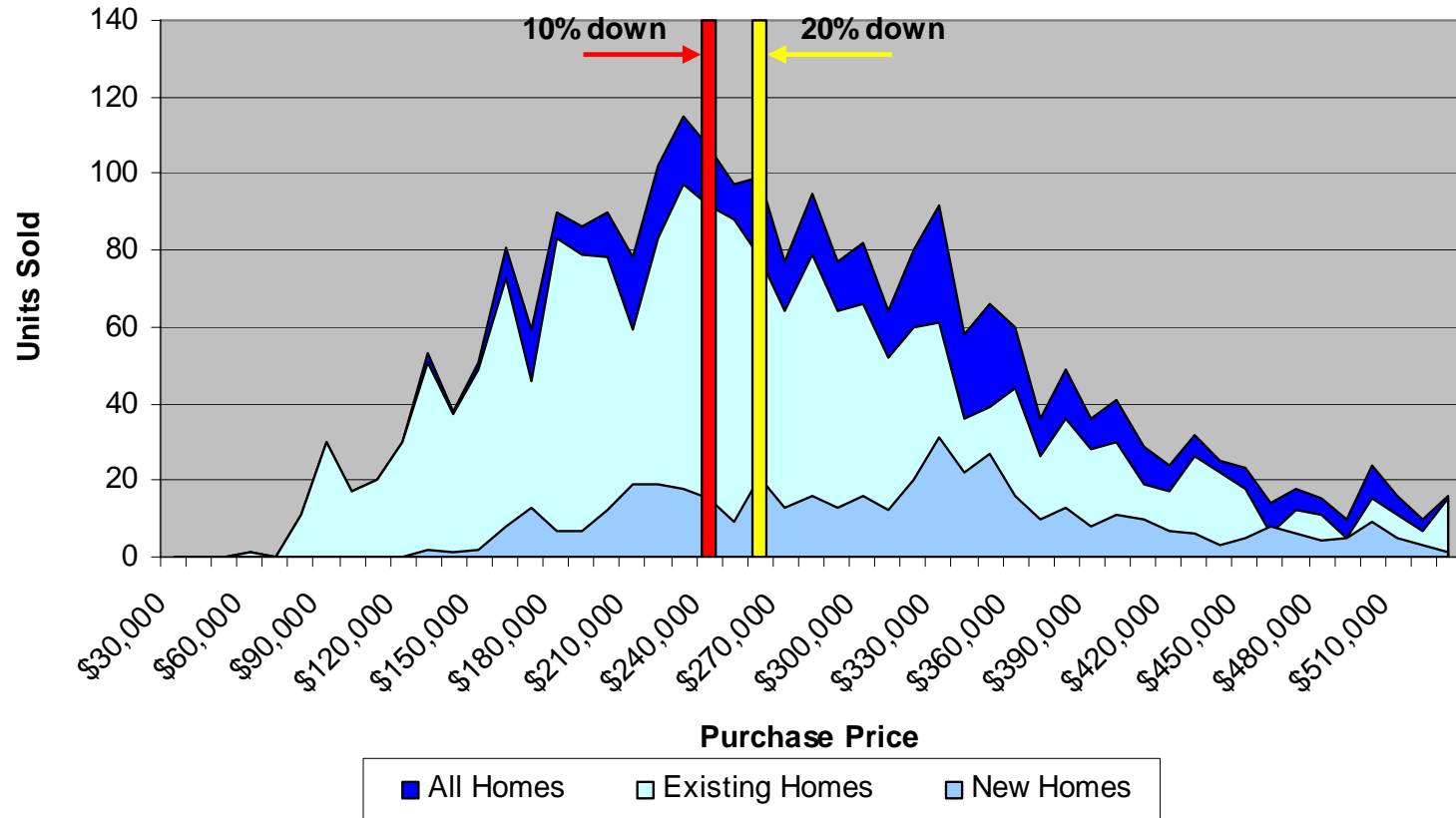
Owner 25,944  
 Renter 9,109  
 Total **35,053**  
 % of total  
     Households **46%**

## 2015 Need

Owner 29,189  
 Renter 10,249  
 Total **41,747**  
 % of projected  
     Households **46%**



## Portsmouth Rochester HMFA - 2006



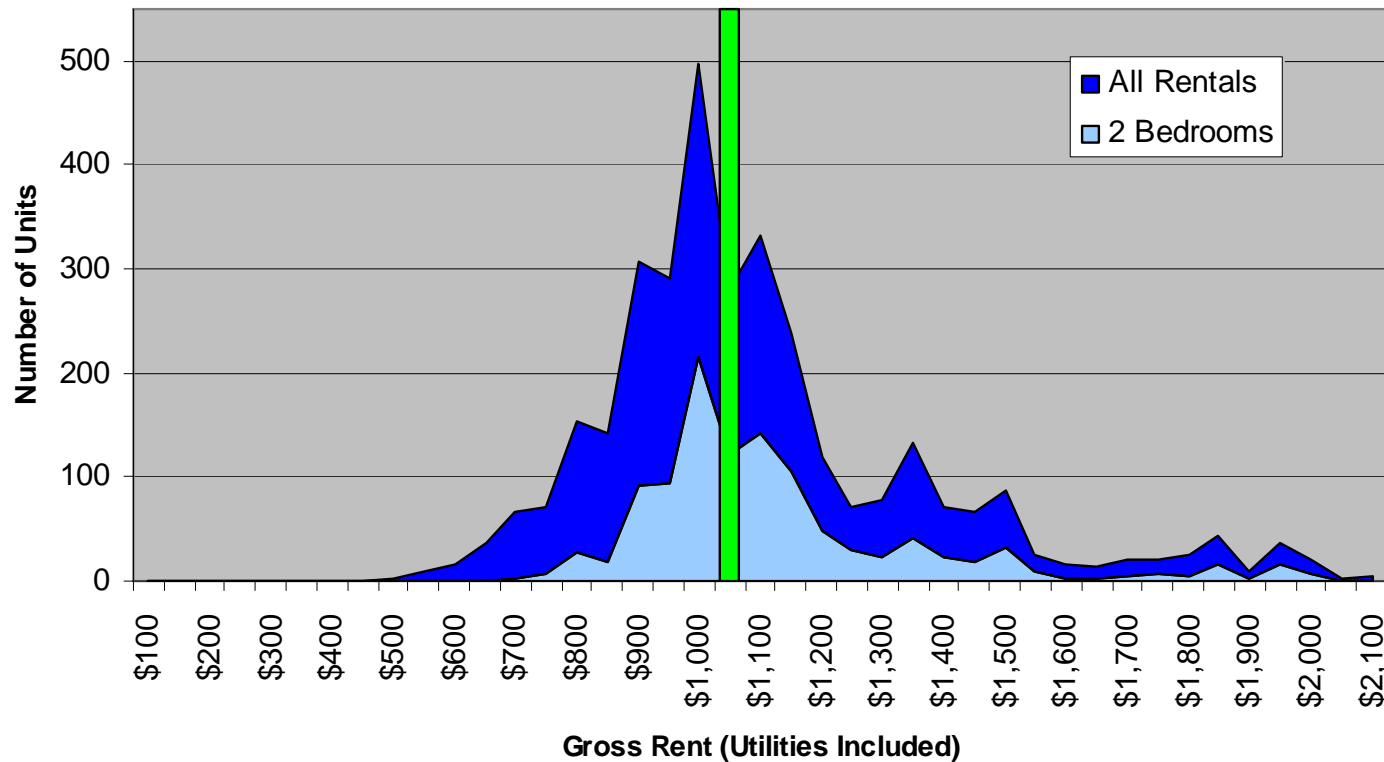
10% down

New Homes 123/515 or 23.9%  
Existing Homes 936/2102 or 44.5%  
**All Homes 1059/2617 or 40.5%**

20% down

New Homes 153/515 or 29.7%  
Existing Homes 1102/2102 or 52.4%  
**All Homes 1255/2617 or 48.0%**

## Rentals in the Portsmouth-Rochester - 2006



Portsmouth- Rochester

All Rentals 1293/2196 or 58.9%

2 Bedrooms 578/1112 or 52.0%

# WFH Analysis from Plaistow NH (Peter Bealo)

## Anywhere NH Workforce Owner Occupied Housing

### Workforce Housing Limits

Median Annual Rockingham County Income per Household	\$72,240
Maximum income applied to housing (PITI)	30%
Maximum Amount per month for Principal + Interest + taxes + Insurance	\$1,806
Max. Amount per month for rental + utilities (based on 60% avg. earnings)	\$1,084
	Not used here yet!!
Mortgage Interest rate	6.50%
Mortgage Term in years	30
Tax Rate per Thousand	\$18.50
Payment per thousand per month: Principal + interest	\$6.32
Payment per thousand per month: principal + Interest + taxes	\$7.86
Insurance (0.5% of price) per thousand per year	\$5.00
Payment per thousand per month: PITI	\$8.28
Maximum price of affordable dwelling assuming 20% downpayment	\$272,677.41
Maximum price of affordable dwelling assuming 10% downpayment	\$242,379.92

### Inputs required

Constant

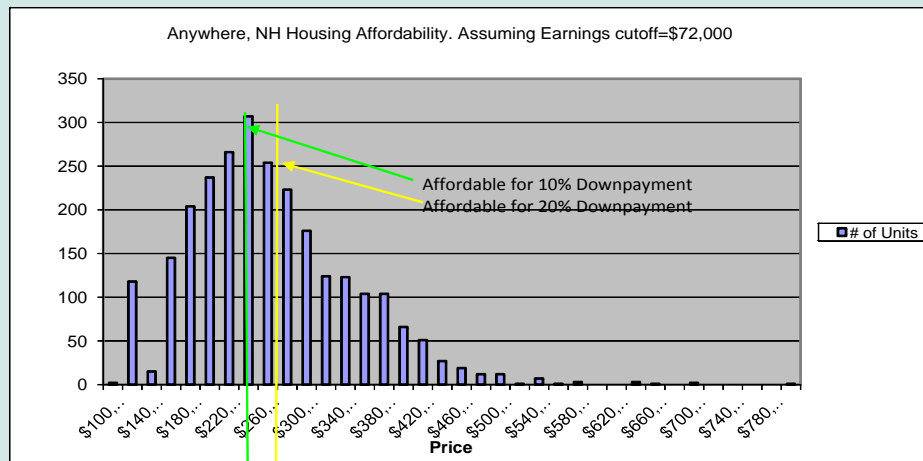
Calculated Value

NOTE: 2008 Median Rockingham Cnty. Income calculated from 2000 census data. In 2000, median county income (including retired hh and hh without earnings) was \$58,150. Assuming 2.75% annual COLA, this translates to \$72,244 in 2008. NHHFA figure for 2008 median Lawrence HUD Rental area income is higher still at \$80,600!

Owner occupied dwelling units in Anywhere below this price	% of dwelling units in Anywhere below this price
1686	64.6%
1322	50.7%

Housing	Stock
Max Price	# of Units
\$100,000	2
\$120,000	118
\$140,000	15
\$160,000	145
\$180,000	204
\$200,000	237
\$220,000	266
\$240,000	307
\$260,000	254
\$280,000	223
\$300,000	176
\$320,000	124
\$340,000	123
\$360,000	104
\$380,000	104
\$400,000	66
\$420,000	51
\$440,000	27
\$460,000	19
\$480,000	12
\$500,000	12
\$520,000	1
\$540,000	7
\$560,000	1
\$580,000	3
\$600,000	0
\$620,000	0
\$640,000	3
\$660,000	1
\$680,000	0
\$700,000	2
\$720,000	0
\$740,000	0
\$760,000	0
\$780,000	0
\$800,000	1
<b>Total Units</b>	<b>2608</b>

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[pbealo@comcast.net](mailto:pbealo@comcast.net)



Average Value of Houses/Duplexes/Con dos  
 \$253,691

Median Value of houses/Duplexes/Con dos  
 \$240,500

\$72,000	20%	10%
Earnings	Downpmnt	Downpmnt
# Units	1680	1312
% Units	64.40%	50.30%

## 'Audit' existing zoning and regs

- Identify zoning and regulatory provisions that add to housing cost but don't serve a valid zoning purpose;
- Evaluate compliance SB342 specifically:
  - >50% of residentially zoned land area allow WFH?
  - Allow multifamily housing >5 units per building, including rental multifamily?
  - Lots sizes and density provisions "reasonable"?
  - Does the overall effect of zoning and regs allow reasonable and realistic opportunities for WFH?
- Regs necessary for environmental protection OK even if they effect viability of Work Force Housing proposals

# Zoning & Regulatory Audit –

- Address Compliance with “>50% Provision”:  
Some Options:
  - Make all zones compliant
  - Create Special purpose workforce housing zones
    - Zoning & regulatory stds. reduced, waived
    - Other developer incentives
  - Inclusionary Housing\* / Workforce Housing Overlay Zone

\* 674:59 I.- “This obligation [to allow workforce housing...] may be satisfied with the adoption of inclusionary zoning...”



## 'Audit' - continued

- Address multifamily housing
  - Allow 5+ residential units per building in some places
  - Allow 5+ resid. rental units in some places
  - Include a WFH multifamily definition
- Ensure lot size and density are 'reasonable'  
e.g.:
  - Appropriate to sewer/water conditions
  - Based on science (e.g. soil-based lot size; buffers)
  - Lot dimensions based on valid need/purpose
  - Eliminate "more is better" or "harder is better" thinking

# 'Audit' - continued

- **Look for provisions that unnecessarily add to housing development costs;**
  - WFH development caps
  - Arbitrary additions to soil based lot sizes, wetland and shoreland buffers
  - Excessive frontage, setbacks, septic reserve & well radii req.
  - Larger than needed road widths
  - Unreasonable lot coverage limits on small lots
  - Age-restricted only multifamily
  - Look for backdoor regulation written into definitions
- **Identify workforce housing friendly provisions that could be added:**
  - Accessory apartments
  - Mixed uses; upper story residential units in retail uses
  - Multifamily definition
  - Expedited review
  - Fee exemptions
  - Waivers

# Inclusionary Housing?

- As a strategy to comply with SB342, has significant advantages over other options.
  - Can be applicable to 100% of zones (as an overlay)
  - Evaluated & controlled case by case via Conditional Use Permit
  - Flexible standards;
  - Mixes market and workforce housing
  - Models available



**CAUTION:** 679:59 prohibits using inclusionary housing 'conditions' to exclude workforce housing – the message: conditions have to be reasonable to the objective

# Educate the Public re: Zoning Changes

- Especially important where large or controversial changes are proposed
- Explain the reasons and the need for change
- Communicate in multiple ways
  - Forums, Hearings
  - Civic group outreach
  - Flyers
  - Cable Access
  - Etc.

# Implement the Amendments

- SB342 Effective date: July 1 2009
- Target Zoning Amendments for Spring 2009 Town Meeting.
- Adopt Subdivision and Site Plan Regulation amendments prior to July 1, 2009
- Show good faith; show good progress;
- Get help if you need it:
  - NHHFA (NH Housing)
  - Regional Planning Commissions
  - Regional Housing Coalitions
  - Planning Consultants